



# Commonwealth of Massachusetts

## DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Aaron Gornstein, Undersecretary

### **Formula Funding, the Capital Planning System and Expired Components**

#### Formula Funding (FF)

FF is a fundamental change in the way capital funds are distributed: from a DHCD-selected, project-based award system to an LHA-driven, equitably-distributed, transparent and predictable one. It relies on LHAs' local expertise, with DHCD technical assistance and backup, to most effectively use capital dollars to keep as many units on-line and occupied as possible.

Attachment A catalogs formula funding awards for fiscal years 2012, 2013 and 2014 (awarded as 3 year grants) by Housing Authority.

#### The Capital Planning System (CPS) and Expired Components

CPS is DHCD's transparent web-based inventory and planning system that catalogues the condition of every capital component of every building and site in the state-wide public housing portfolio. Formula Funding amounts are then calculated as an LHA's multi-year share of available capital funds based on an LHA's proportional capital funding need as determined by the state-wide CPS inventory of expired building and site components. Using the value of expired components rather than the price of projects to replace those components as part of a comprehensive modernization strategy gives us a much more accurate and fair allocation of extremely scarce funds. The available funding is only on the order of 15 – 20% of the actual need, thus the use of available capital funds must be carefully limited to a functional approach that concentrates on replacement of expired components rather than a comprehensive modernization of whole systems or complete units.

To learn more about FF and the CPS please visit our website at <http://www.mass.gov/hed/housing/ph-mod/formula-funding-program.html>

Attachment B lists the total value of expired components across the state public housing portfolio by year.